Commissioner	Yes	No	Not Participating
Swinger	√		
Bain	√		
Deig	√		
Jerrells	√		
Ziegner	√		

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER COMPANY FOR APPROVAL OF A GENERATION RESOURCE SUBMITTAL IN ACCORDANCE WITH PETITIONER'S EGR PLAN APPROVED IN CAUSE NO. 46301 AND ASSOCIATED ACCOUNTING AND RATEMAKING TREATMENT.	)	**CAUSE NO. 46301 GRS 1** **APPROVED: SEP 02 2026**

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge

On April 30, 2026, Indiana Michigan Power Company ("I&M" or "Petitioner") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") requesting approval of a Generation Resource Submittal ("GRS") pursuant to I&M's expedited generation resource plan ("EGR Plan") approved in Cause No. 46301 and associated accounting and ratemaking treatment. Also, on April 30, 2026, I&M filed its prepared testimony and attachments constituting its case-in-chief, as well as supporting workpapers.

In accordance with Ind. Code § 8-1-7.9-21(d)(2), Petitioner's GRS filing included the information required by Ind. Code § 8-1-7.9-20 and no notice of deficiency was issued.

On May 12, 2026, the Presiding Officers established via docket entry the parties' agreed upon procedural schedule that contemplated the issuance of an order by September 2, 2026.[1] Also, on May 12, 2026, the I&M Industrial Group ("Industrial Group") filed its Petition to Intervene, which was granted by Docket Entry dated May 26, 2026.[2]

On July 1, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed a Notice of Intent Not to File Testimony, and the Industrial Group filed its prepared testimony and attachments.

On July 21, 2026, I&M filed its rebuttal testimony and an attachment.

---

[1] Ind. Code § 8-1-7.9-21(d)(2) provides for the issuance of an order no later than 120 days from a complete GRS filing, which for this filing would be August 28, 2026. However, based on the Commission's Conference schedule, I&M stipulated to day 120 being September 2, 2026.

[2] The Industrial Group consists of Cleveland-Cliffs Inc., General Motors LLC, Marathon Petroleum Company LP, Metal Technologies Auburn LLC, Messer LLC, and University of Notre Dame.

The Commission conducted an evidentiary hearing in this Cause on July 30, 2026 at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. The parties appeared and participated by counsel in the hearing, at which the parties' evidence was offered and admitted into the record without objection.

The Commission, based upon the applicable law and evidence of record, now finds as follows:

1. Notice and Jurisdiction. Notice of the hearing in this Cause was given and published by the Commission as required by law. I&M is a "public utility" as defined in Ind. Code § 8-1-2-1 and an "energy utility" as defined in Ind. Code § 8-1-7.9-7. Under Ind. Code §§ 8-1-7.9-18 through -21 ("EGR Statute"), the Commission has jurisdiction over the approval of a GRS filing made in accordance with an approved EGR plan. Therefore, the Commission has jurisdiction over I&M and the subject matter of this proceeding.

2. Petitioner's Characteristics. I&M, a wholly owned subsidiary of American Electric Power Company, Inc. ("AEP"), is a corporation organized and existing under the laws of Indiana, with its principal offices at Indiana Michigan Power Center, Fort Wayne, Indiana. I&M is engaged in, among other things, rendering electric service in Indiana and Michigan. I&M owns and operates generation, transmission, and distribution plant and equipment within Indiana, Ohio, and Michigan that are in service and used and useful in the furnishing of such electric service to the public.

I&M supplies electric service to approximately 484,000 retail customers in northern and east-central Indiana and 133,000 retail customers in southwestern Michigan. In Indiana, I&M provides retail electric service to customers in the following Indiana counties: Adams, Allen, Blackford, DeKalb, Delaware, Elkhart, Grant, Hamilton, Henry, Howard, Huntington, Jay, LaPorte, Madison, Marshall, Miami, Noble, Randolph, St. Joseph, Steuben, Tipton, Wabash, Wells and Whitley. In addition, I&M serves customers at wholesale in Indiana and Michigan. I&M's property is classified in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC") and approved and adopted by this Commission.

3. Background and Relief Requested. The EGR Statute establishes a two-step process for approving resource decisions by an energy utility. First, an energy utility applies for approval of an EGR plan in accordance with Ind. Code §§ 8-1-7.9-18 and -19. Second, if an EGR plan is approved, the energy utility applies for approval of specific generation resources in accordance with the approved EGR plan pursuant to Ind. Code §§ 8-1-7.9- 20 and -21. This two-step process is then followed by ratemaking treatment.

In Cause No. 46301, the Commission approved a settlement agreement that provided for approval of I&M's EGR Plan with modifications ("46301 Settlement"). The information required to be included in a GRS submission under an approved EGR plan is set forth in Ind. Code §§ 8-1-7.9-20 and -21. The 46301 Settlement identified additional evidence that I&M agreed to provide in its GRS filings to support its requested relief. More specifically, the 46301 Settlement included a GRS Compliance Filing Template designed to facilitate the Commission's and parties' timely review of I&M's GRS filings.

This is Petitioner's first GRS filing pursuant to its EGR Plan. In this proceeding, I&M requests approval for its proposed acquisition of the Big Sandy Peaker Plant ("Big Sandy"), including the best estimate of costs for its acquisition. I&M also requests approval of the accounting and ratemaking treatment set forth in the 46301 Settlement for Big Sandy, and Petitioner's proposed depreciation and net salvage estimates.

4. Petitioner's Case-in-Chief. Petitioner provided the testimony of Edward J. Locigno, I&M Director of Regulatory Services and Justin T. Dehan, American Electric Power Service Corporation ("AEPSC"), a Director in the Infrastructure Development Group.

Mr. Locigno provided an overview of the GRS filing to support the Big Sandy acquisition and how this resource aligns with the five pillars set forth in Ind. Code § 8-1-2-0.6 ("Five Pillars"). Big Sandy is an existing combustion turbine peaking station located in Kenova, West Virginia, that has been in operation since 2001. Big Sandy, which has 318 megawatts ("MW") of installed capacity ("ICAP"), is expected to provide between 220 and 240 MW of accredited capacity that can be used towards I&M's PJM capacity obligation starting in the 2028/2029 PJM Planning Year. Mr. Locigno reviewed and addressed certain GRS filing requirements to support the approval of Big Sandy, including the acquisition's consistency with Petitioner's 2024 Integrated Resource Plan ("IRP") and I&M's need for Big Sandy. He also discussed the proposed accounting and ratemaking relief, and the customer cost-of-service impact.

Mr. Dehan provided an overview of the process and current timeline associated with the Big Sandy acquisition, which is expected to occur in the third quarter of 2026. He described the process taken to value Big Sandy, discussed the total acquisition costs for Big Sandy, including the purchase price of $299,525,000 ("Purchase Price"), owner's cost, contingency, and planning/development costs (collectively, the "Best Estimate"), operating and maintenance ("O&M") costs, and ongoing capital. He also discussed key contractual terms of the Purchase and Sale Agreement ("PSA") and other requirements and criteria to support the GRS filing.

5. Industrial Group. Mr. Michael P. Gorman, Managing Principal with Brubaker & Associates, Inc., addressed Petitioner's GRS filing and its compliance with the terms of the 46301 Settlement. He testified Petitioner's GRS, without revision, fails to adequately demonstrate that the proposed acquisition of Big Sandy constitutes a "necessary and prudent" investment, as required under Section I.E.1.(b) of the 46301 Settlement. He said I&M's GRS filing does not demonstrate adequate protection for Indiana consumers, does not properly address affordability over the long-term, and does not demonstrate adequate consideration of alternatives to Big Sandy. He further opined that I&M has not adequately demonstrated that Big Sandy is needed to satisfy I&M's retail load requirements, as required under Section I.H.6. of the 46301 Settlement.

6. I&M Rebuttal. Mr. Locigno stated that Industrial Group witness Gorman seeks information and detail that goes beyond the requirements of both the EGR Statute and the negotiated 46301 Settlement. He also disagreed with Mr. Gorman's characterization of the information provided in the GRS filing. He addressed Mr. Gorman's assertions regarding I&M's need for Big Sandy and its role in addressing Petitioner's future capacity requirements, the value provided to customers through Big Sandy's inclusion in I&M's Fixed Resource Requirement ("FRR"), and the reasonableness of I&M's evaluation of Big Sandy and its estimated cost. He stated that Big Sandy can provide reliable, dispatchable generation that will help meet I&M's growing customer load, strengthen system reliability, and reduce exposure to market energy prices.

7. Commission Discussion and Findings. As indicated above, Ind. Code §§ 8-1-7.9-20 and -21 set forth the requirements for approval of a GRS filing under an approved EGR plan. Notwithstanding Ind. Code ch. 8-1-8.5 or any other statute, the Commission may approve an energy utility's request to construct, purchase, lease, or otherwise acquire generation resources under Ind. Code ch. 8-1-7.9 for purposes of meeting the needs of the energy utility's customers. Ind. Code § 8-1-7.9-21(b). The Commission may approve a GRS filing in whole or in part, but it is required to make its decision based solely on whether the submittal meets the criteria and requirements set forth in the energy utility's approved EGR plan. *Id.*

If the Commission approves a GRS filing, Ind. Code § 8-1-7.9-25 provides for cost recovery of acquisition costs, which is defined by terms in Ind. Code §§ 8-1-7.9-2, -5, and -12 to include the total costs of an acquisition made under an EGR Plan, including: (1) planning; (2) construction; and (3) operating costs related to the acquisition.

Based on the evidence presented, as discussed below, we find Petitioner's GRS filing complies with the requirements set forth in Ind. Code § 8-1-7.9-20(c) ("Section 20(c)") and meets the criteria and requirements of Petitioner's approved EGR Plan.

A. Ind. Code § 8-1-7.9-20.

1. Section 20(c)(1). This section of the EGR Statute requires Petitioner to describe: (A) the type of technology used in the generation resource to be acquired; (B) the amount of capacity and energy to be acquired; (C) key contractual terms for the acquisition; and (D) the estimated acquisition costs.

Big Sandy is a natural gas-fired combustion turbine facility located in Kenova, West Virginia. It is comprised of six combustion turbine generators with Brush air-cooled generators in a simple cycle configuration and is the type of plant that is commonly referred to as a "peaker" because it runs primarily during peak demand periods. Mr. Dehan testified these types of resources are well suited to respond rapidly to market conditions due to their high ramp rates and ability to achieve full output within minutes. The facility is interconnected to the AEP transmission system via switchyard that exports power to a 138 kilovolt AEP-owned transmission line within PJM. Natural gas is supplied to the site via a single supply line owned by Mountaineer Gas Company, which is tapped from the interstate Columbia Gas pipeline running near the site. I&M expects Big Sandy will provide between approximately 220 and 240 MW of accredited capacity.

Mr. Dehan testified that historically, Big Sandy has operated at roughly 10%–11% capacity factor, which translates to 278,000–306,000 MW hours of energy production annually. Based on forecasts described by Mr. Dehan, I&M expects that the resource will continue to produce a similar amount of annual energy in the near term. Mr. Dehan explained I&M's plans to transition Big Sandy from a merchant unit in the PJM capacity market to I&M's capacity plan. For the 2028/2029 PJM planning year, I&M is in discussions with the current owners to execute a one-year unit-specific capacity purchase agreement that will allow I&M to include Big Sandy in its FRR plan in the 2028/2029 PJM planning year. Mr. Locigno testified that for the 2026/2027 and 2027/2028

PJM planning years, I&M will receive as part of the acquisition the capacity revenues from PJM for the Big Sandy capacity that was committed by the seller in those auction years. Those capacity revenues will be used to offset the cost of service in those respective years. Mr. Locigno testified Big Sandy's energy production can be used for the benefit of meeting I&M's energy requirements and hedging Petitioner's exposure to market energy prices immediately upon I&M's acquisition of the facility.

The key contractual terms for the acquisition were addressed in Attachment ELJ-2, Part III of Petitioner's Exhibits 1 and 1-C. Mr. Dehan testified regarding the contract price terms, contract mechanisms addressing market changes and force majeure, and identified the key completion milestones for the acquisition. He also discussed the performance assurances and termination rights contained in the PSA. The closing of the acquisition is conditioned upon receipt of applicable federal regulatory approvals, including FERC 203 and Hart-Scott-Rodino. In addition, while not expressly included in the PSA, Mr. Dehan testified the acquisition of the facility for the purpose of serving I&M's retail customers and inclusion in retail rates is also conditional upon Commission approval.

Mr. Dehan presented the estimated acquisition costs that were also addressed in Attachment ELJ-2, Part IV of Petitioner's Exhibits 1 and 1-C. Mr. Dehan discussed the O&M and capital costs associated with Big Sandy, noting that the forecasted O&M was developed using a bottoms-up approach with input from several sources including the seller, AEPSC Engineering Services, and AEPSC Environmental Services.

Mr. Dehan also presented the pricing and cost support for the Big Sandy PSA and explained how it compares to valuations of similar gas generation resources and recent proposals received by I&M. I&M issued a request for proposals in the fourth quarter of 2024 for non-intermittent generation resources ("2024 RFP") and developed an initial shortlist, after which I&M initiated a supplemental best and final offer process on October 24, 2025 ("BAFO") to obtain updated, market reflective pricing and project information. The request was issued to all bidders participating in the 2024 RFP, as well as any new bidders who had not initially participated in the RFP.

Mr. Dehan testified the Big Sandy PSA was evaluated using the same economic analysis process used within the 2024 RFP to evaluate bids received within the BAFO. He stated this economic analysis was performed prior to detailed due diligence and relied on the bidder/seller's estimates for various cost inputs. Compared to the four other eligible proposals for natural gas-fired resources received within the BAFO, he testified the proposed acquisition of Big Sandy is highly competitive and ranks at or near the top of the list in key economic metrics. He also described the non-price factors used in the 2024 RFP evaluation and noted the Big Sandy acquisition mitigates the risks that the non-price factors are designed to evaluate. He concluded that Big Sandy would have advanced to the shortlist if evaluated within the 2024 RFP.

Finally, Mr. Dehan discussed the market valuation performed for a recent market transaction involving another gas combustion turbine with similar attributes to Big Sandy. He described Petitioner's analysis, noting the Big Sandy PSA price of $1,014/kilowatt ("kW") is within 15% of the $938/kW assumed price for the similar resource recently sold in the market. He stated, based on the market comparisons performed by I&M, it is reasonable to conclude that the

Purchase Price for Big Sandy is within 15% of the mean and median market price for similar resources as required by the EGR Plan.

Industrial Group witness Gorman criticized some of the inputs into the economic analysis performed by I&M, opining that Petitioner was "rather vague" about the long term costs of operation. In rebuttal, Mr. Locigno testified I&M's economic analysis evaluates Big Sandy against actual market alternatives available to Petitioner. He said the use of actual proposals provides meaningful evidence of market value and price reasonableness, noting that removal of the single combined-cycle bid from the economic analysis would not change the conclusion that Big Sandy is within 15% of the mean and median cost of similar resources received in Petitioner's BAFO process.

Mr. Locigno further testified that I&M's workpaper WP-JTD-1 provides a breakdown of ongoing capital and O&M costs once I&M takes ownership of Big Sandy through its expected operational life. Pet. Ex. 4-C. He said because Big Sandy is an existing operating generation resource, I&M has been able to collect information, including historical operations and maintenance spending, identified O&M cycles, and recommended costs. He explained that the Big Sandy-specific information, as well as insights from AEP's experience operating generation resources were considered in preparing the ongoing O&M and capital forecast.

Based on the record evidence, the Commission finds I&M has satisfied the statutory requirements of Section 20(c)(1). However, given the concerns raised by Mr. Gorman, in future GRS submittals I&M should evaluate the presentation of its case and include additional, available, comparative resource information in its case-in-chief filing to allow for better review and examination of the reasonableness of the selected resource. The expedited nature of these GRS filings is better supported if sufficient information is provided at the start of the proceeding rather than in rebuttal.

2. Section 20(c)(2). This section requires Petitioner to demonstrate that the proposed acquisition meets the criteria set forth in its approved EGR Plan.

As discussed above, I&M's EGR Plan includes a GRS filing process that uses a template to organize and facilitate review of the GRS filings. I&M provided an updated version of the GRS Compliance Filing Template with its filing in this Cause. Mr. Locigno sponsored the template for this GRS filing in Attachment EJL-2 of Petitioner's Exhibits 1 and 1-C.

The record reflects that while the Industrial Group does not oppose the proposed acquisition of Big Sandy, the Industrial Group did question certain aspects of Petitioner's filing, to which I&M responded in rebuttal. As discussed elsewhere in this Order and as shown by a review of Attachment EJL-2 to Petitioner's Exhibits 1 and 1-C, we find I&M has presented substantial evidence addressing each of the criteria set forth in the approved EGR Plan.

Additionally, Section I.E.1. of the 46301 Settlement sets forth additional EGR Plan criteria concerning certain findings that the Commission must make for approval of a GRS filing. Specifically, this Section provides that approval of a GRS filing is contingent upon the Commission's determination that the proposed acquisition is a necessary and prudent investment, the acquisition's key contract terms are reasonable, and the estimated rate impact associated with the proposed acquisition is just and reasonable.

While the Industrial Group raised some concerns regarding the necessity of the acquisition of Big Sandy, the evidence demonstrates that it is a necessary and prudent acquisition. As discussed in more detail below, I&M has demonstrated that its projected load growth is actually occurring and that it is in a short capacity position, necessitating the addition of Big Sandy to meet its load obligations. The acquisition of an existing resource eliminates risks associated with permitting, transmission interconnection, and project execution. Additionally, the capacity revenues received by I&M will reduce its exposure to market risk and offset costs of the acquisition to the benefit of its customers.

The evidence also reflects, as discussed above concerning the requirements of Section 20(c)(1), that the key contract terms include provisions that are customary in the industry and intended to provide reasonable safeguards concerning the transaction for customers. Therefore, we find the key contract terms are reasonable.

Finally, the evidence demonstrates that the cost of Big Sandy is comparable to other resources options, which were based on actual proposals received, in the rather currently constrained market. As discussed further below, the evidence also reflects that, holding all other factors equal, customers are expected to experience a bill reduction in 2027. In other words, Big Sandy's acquisition is not expected to impose an incremental net rate burden on customers as the incremental load growth revenues are expected to more than offset the cost of service impact. Thus, we find the estimated rate impact associated with Big Sandy's acquisition to be just and reasonable.

Accordingly, we find I&M's acquisition of Big Sandy satisfies Section 20(c)(2) and otherwise meets the criteria set forth in the EGR Plan as discussed herein.

3. Section 20(c)(3). This section requires Petitioner to explain how the acquisition is consistent with or differs from I&M's most recent IRP.

Mr. Locigno testified that the Preferred Portfolio from I&M's most recent IRP identifies a need for additional capacity and energy starting in 2025 to meet Petitioner's load obligations. Because the 2024 IRP assumed that the first year long-term resources would be available was 2028, the Preferred Portfolio includes 325 MW of short-term capacity in 2025; 1,500 MW of short-term capacity in 2026; and 1,875 MW of short-term capacity in 2027. Mr. Locigno said beginning in 2028, when long-term resources were available to be selected, 1,800 MW (ICAP) of natural gas combined cycle, and 1,000 MW (ICAP) of natural gas combustion turbines were added. He said the need for natural gas combined cycle grows to 3,600 MW (ICAP) and the need for natural gas combustion turbines grows to 1,690 MW (ICAP) in 2030. Thus, he concluded that Big Sandy is consistent with the natural gas combustion turbine resources included in the Preferred Portfolio and is necessary to meet the capacity obligations identified through Petitioner's IRP process.

Mr. Locigno provided an update on I&M's need for capacity, starting with the 2028/2029 PJM Planning Year, and showed how the projected accredited capacity associated with Big Sandy will contribute to meeting I&M's short-term need for capacity. This analysis, he explained, demonstrates Petitioner's need for Big Sandy to meet its projected capacity and energy obligations and that additional resources will also be necessary. He noted that in addition to receiving capacity revenues, Big Sandy will be used immediately to address I&M's growing energy needs and reduce the need for market purchases and exposure to higher energy costs, effectively acting as a hedge to benefit customers. Big Sandy will also be available during peak events such as winter storms and provide benefits to customers from any off-system sales ("OSS") that are generated.

The 46301 Settlement also requires I&M to demonstrate that the most recent information of the following has been accounted for in proposing to acquire Big Sandy: (a) I&M's future PJM load obligation, including current executed Letters of Agreement and/or Electric Service Agreements ("ESAs"); (b) customer generation resources under tariff or contract; (c) efforts taken by I&M to evaluate opportunities for customer generation, increased demand response, and partnership arrangements with customers to develop assets independent of the EGR Plan; (d) accredited capacity associated with generation resources approved or pending approval; (e) short-term capacity agreements; and (f) the accredited amount of demand response under tariff or contract. Mr. Locigno provided details regarding each of these elements.

Industrial Group witness Gorman testified that I&M has described similar forecasted increases in capacity and energy obligations over the past two years. While he agreed I&M is experiencing load growth and needs to account for the planned retirement of its Rockport plant, he said it is reasonable to expect Petitioner to begin providing a more refined picture of its actual need for purposes of justifying major rate base additions to its generation portfolio.

In rebuttal, Mr. Locigno stated that to meet the level of load growth I&M has under ESAs with large load customers, it will take multiple years and multiple acquisitions. He said it is important to recognize that I&M is acquiring generation resources to support increases over time as these customers build out their operations and that Big Sandy represents one component of the portfolio of resources required to address those capacity and energy requirements. He concluded it is reasonable and necessary for Petitioner to continue to discuss the load growth and generation retirements in GRS filings, given each filing is an individual component of a larger generation portfolio that is necessary to meet the growth Petitioner is experiencing.

Mr. Locigno testified that it should also be recognized that serving 4,200 MW of new load will require substantially more new generation resources on a nameplate capacity or ICAP basis. He provided a table in Petitioner's Exhibit 2 (at 8) showing that under the current PJM capacity construct, effective load carrying capability factors to convert ICAP capacity to accredited capacity range from 7% for solar resources to 78% for natural gas combined cycle. He said this means that depending on the mix of resources being used to meet the 4,200 MW capacity requirement, it is reasonable to assume that 7,000 – 10,000 MW of new generation ICAP capacity may be required to satisfy the capacity obligation.

Based on the evidence presented, the Commission finds the acquisition of Big Sandy is consistent with I&M's most recent IRP and otherwise will help I&M meet the energy and capacity needs of its customers. Accordingly, the Commission finds I&M's GRS submittal satisfies this statutory requirement.

In subsequent GRS submittals, I&M will include known and imminent load changes and capacity additions to demonstrate not only that the capacity acquisition is needed to satisfy load requirements, but that the proposed acquisition will not cause I&M to exceed its forecasted planning reserve margin. I&M will also provide additional explanation as to how the proposed asset is consistent with I&M's most recent IRP, addressing not only the capacity need, but also the broader attributes evaluated in the IRP and the ways in which the proposed acquisition meets I&M's contemplated resource needs. We find these refinements to I&M's presentation are reasonable and consistent with the EGR Plan and will enable the Commission and stakeholders to better understand and evaluate the need for the proposed resource acquisition.

4. Section 20(c)(4). This section requires Petitioner to detail the status of customer contracts and commitments that support the proposed acquisition.

The evidence reflects that I&M currently has executed ESAs for approximately 4,200 MW of new load and is working with customers who have expressed an interest in additional load that would begin taking service in the 2030 timeframe. Mr. Locigno testified two of I&M's large load customers have started the initial phases of their operations and are progressing in their load ramp. I&M is also working with customers to develop transmission infrastructure to support their energy needs, conduct studies on potential new projects, and coordinate plans through the PJM process.

In response to Industrial Group witness Gorman's testimony concerning the need for updated load projections, Mr. Locigno testified that each ESA I&M has executed contains a load ramp of capacity requirements over time as customers construct and commission their facilities. To meet the contracted capacity and energy requirements associated with the ESAs, he said I&M will require multiple new generation filings involving a diverse mix of generation resources that will come online at different periods to meet the customer load ramps. He added that I&M will continue to provide updates to I&M's capacity position with each new generation filing that compares I&M's projected load obligations to the capacity available from existing and pending generation resources to support the need for each new generation resource requested.

Based on the evidence submitted, the Commission finds this statutory provision has been adequately addressed by I&M and supports the acquisition of Big Sandy.

5. Section 20(c)(5). Petitioner must certify that at least 30 days before the filing of its GRS it held a pre-filing meeting with the Commission and the OUCC to review the acquisition. Mr. Locigno testified Petitioner met with the Commission and the OUCC on March 31, 2026, which is at least 30 days before this GRS filing and presented the items required by the EGR statute and 46301 Settlement. In addition, the record shows I&M held meetings with the parties to the EGR Plan proceeding as required by the 46301 Settlement, including the Citizens Action Coalition, Amazon, and the Industrial Group on April 10, 2026. Accordingly, the Commission finds I&M has satisfied this requirement.

6. Section 20(c)(6). This section requires Petitioner to describe how it considered implementing grid enhancing technologies to defer or minimize the need for additional investment in generation.

Mr. Locigno testified that as part of the Settlement Agreement in Cause No. 46097, I&M is conducting a comprehensive, technology agnostic Grid Enhancing Technology ("GET") study in collaboration with interested stakeholders. He stated the purpose of the study is to evaluate whether GETs could be deployed on I&M's transmission system to increase transfer capability, relieve constraints, or otherwise defer or reduce the need for additional capital investment—including potential impacts on the need for incremental generation resources. He stated that as system conditions evolve and as technologies mature, I&M will continue to assess and implement GETs where they are demonstrated to provide value to customers through improved system efficiency, reduced congestion, or the avoidance of more costly transmission or generation investments.

The record shows that I&M is currently evaluating its GET study and remains committed to evaluating GETs as part of its ongoing planning processes. Thus, we find I&M has reasonably addressed this statutory requirement.

7. Section 20(c)(7). This section requires Petitioner to describe how the acquisition will support the provision of electric utility service with the following Five Pillar attributes: (a) reliability; (b) affordability; (c) resiliency; (d) stability; and (e) environmental sustainability.

Mr. Locigno testified that I&M's IRP utilized a set of Objectives and Portfolio Performance Indicators that are aligned with the Five Pillars to determine the Preferred Portfolio. He stated I&M's Preferred Portfolio additions and going-in generation resources directly align with the 21st Century Energy Policy Development Task Force findings used in developing the Five Pillars, by providing a diverse mix of resources that leverages the strengths of, and mitigates the weaknesses inherent in, each type of generation resource.

a. Reliability: Mr. Locigno testified Big Sandy is a dispatchable resource that is necessary to reliably meet Petitioner's future capacity obligations and energy needs. It is an existing resource that will be available immediately upon I&M taking ownership and it was designed to provide reliable service during peak periods. He noted Big Sandy is consistent with the Preferred Portfolio from Petitioner's IRP, which provides customer benefits consistent with the metrics used to assess reliability. He further noted that Big Sandy's design and operational characteristics support safe and reliable natural gas simple cycle combustion turbine operations with a demonstrated track record of performance during past peak winter events. From a fuel supply perspective, he stated the plant will have access to firm transportation capacity, enhancing reliability value.

b. Affordability: Mr. Locigno testified the Big Sandy PSA is the result of arm's length negotiations and represents a fair and reasonable balance of price and additional terms of the acquisition. I&M witness Dehan explained how the cost of Big Sandy is competitive compared to other natural gas dispatchable resources that are available in the market and compares favorably to Petitioner's most recent 2024 RFP and BAFO.

Industrial Group witness Gorman argued that I&M did not properly address affordability over the long-term. However, Petitioner's Exhibit 1, Attachment EJL-5 shows that I&M expects the incremental revenues associated with the identified load growth, at current rates, to cover the cost of service associated with the proposed Big Sandy facility. Mr. Locigno testified that the cost-of-service impact shown in Attachment EJL-5 demonstrates that, holding all other factors equal, customers would experience a bill reduction in 2027. Thus, the addition of Big Sandy is not expected to impose an incremental net rate burden on customers under the assumptions presented. Rather, the analysis demonstrates that the incremental load growth revenues are expected to more than offset the cost-of-service impact of the facility.

c. Resiliency and Stability: Mr. Locigno testified Big Sandy will allow I&M to further diversify its generation resource portfolio and increase the amount of dispatchable generation resources I&M has available to meet its future customer capacity and energy needs, which aligns with I&M's IRP Resiliency and Stability Metrics. Additionally, Big Sandy's six gas-fired units can ramp up quickly to respond to the needs of the power grid.

d. Environmental Sustainability: Mr. Locigno testified I&M's proposal to acquire Big Sandy is a component of its IRP Preferred Portfolio, which was one of the best performing modeled portfolios in the IRP process as it relates to environmental sustainability. He said the modeling results of the Preferred Portfolio demonstrated a 63% reduction in carbon dioxide emissions, a 96% reduction in nitrous oxide emissions, and a 100% reduction in sulfur dioxide emissions compared to a 2005 baseline.

As discussed above, the evidence shows that Big Sandy is a critical resource in implementing I&M's Preferred Portfolio and its proposed acquisition supports the provision of electric utility service with attributes consistent with the Five Pillars. Thus, the Commission finds that I&M has reasonably considered the Five Pillars and satisfied this statutory requirement.

8. Section 20(c)(8). This section requires Petitioner to describe how the proposed acquisition reasonably protects existing and future customers and is consistent with: (a) the provision of safe, reliable, and affordable electric utility service; and (b) economical rates.

As noted above, Mr. Locigno testified that the acquisition of Big Sandy is consistent with the type and timing of combustion turbine resource additions identified in the Preferred Portfolio as determined in I&M's IRP, which is the result of an extensive and robust modeling process. As a dispatchable gas-fired peaking plant, Big Sandy is designed to be available during peak periods and is expected to provide safe and reliable service to I&M's customers. In addition, Big Sandy's acquisition will reduce I&M's reliance on short-term market-based capacity and energy, providing customer protections from uncertain future market conditions and costs.

From an affordable utility service and economic rates perspective, Mr. Locigno testified the 46301 Settlement requires Petitioner to provide evidence supporting the basis for project selection and cost of a proposed resource, including the most recent RFP information. The evidence reflects that Big Sandy is within 15% of the pricing of Petitioner's most recent RFP, and along with other market intelligence, supports that Big Sandy is an economical resource to serve customers. I&M also expects the load growth it is experiencing will generate enough revenues at current rates to cover the incremental costs associated with Big Sandy. Mr. Locigno testified that Big Sandy will be used to reduce the cost of energy for all customers by providing a lower cost resource compared to the market purchases I&M would otherwise have to make.

Mr. Locigno testified that the 46301 Settlement contains provisions for customer protections surrounding rate impacts and transparency, such as limitations on the types of dispatchable resources that may be submitted under the EGR Plan. He said the cost-of-service impact outlined for Big Sandy in Petitioner's Exhibit 1, Attachment EJL-5 provides the illustrative rate impact that demonstrates, holding all factors equal, customers would experience a bill reduction in 2027. I&M witness Dehan also discussed the key contractual terms and how they serve to protect customers from an acquisition perspective.

Mr. Locigno also noted that the Commission-approved settlement agreement in Cause No. 46097 modified Petitioner's Tariff IP to address large loads, which are primarily driving I&M's need for additional capacity and energy. He said the Commission's Order in that Cause found the settlement agreement supported affordability and the agreed tariff modifications provided protections for existing customers to minimize adverse financial impacts in the event of a business disruption that causes large load customers to deviate from their plans. Additionally, the Order recognized that several of the modified Tariff IP terms address affordability and customer protections, such as those for mandatory contract terms, minimum charges, and exit fees.

The Commission finds I&M has sufficiently explained and identified how its proposed acquisition of Big Sandy under its EGR Plan, which is intended to address the addition of large load customers that are anticipated to take service under I&M's Tariff IP, reasonably protects customers and is consistent with I&M's provision of safe, reliable, and affordable service at economical rates. Thus, I&M has satisfied this statutory requirement.

9. Section 20(c)(9). Petitioner's GRS filing is required to include supporting affidavits and exhibits. I&M's case-in-chief filing included the verified testimony of two witnesses, along with supporting attachments and workpapers. The Commission finds I&M has satisfied this statutory requirement.

10. Section 20(c)(10). Petitioner's GRS filing is to include a proposed order for the submittal. I&M included a copy of its proposed order as Exhibit A to its Verified Petition. The Commission finds this statutory requirement has been satisfied.

B. Accounting and Ratemaking. Section I.J.3. of the 46301 Settlement provides that I&M will use deferral accounting to record the net of: (a) revenues from large load customers (which will be limited to the amount by which I&M's actual net operating income exceeds its actual authorized net operating income according to its fuel adjustment clause ("FAC") earnings test calculations); and (b) incremental EGR Plan costs and expenses outlined in Section I.J.3.(b) associated with EGR Plan resources that are not recovered through existing rider mechanisms. Mr. Locigno stated that I&M expects to incur eligible costs associated with Big Sandy's acquisition in the third quarter of 2026, which would cause the costs to be deferred in conjunction with the Oregon Clean Energy Center costs and included in the final net regulatory asset or liability balance and ratemaking procedure as set forth in section I.A.7 of the settlement agreement approved in Cause No. 46217. He noted this scenario was contemplated and approved in Section I.J.4. of the 46301 Settlement.

Further, Mr. Locigno testified that, as outlined in the EGR Plan, recovery of costs associated with delivered fuel, including natural gas, reservation fees, gas procurement sales, and transportation costs will be recovered in the FAC. He said I&M will utilize a two-part rate design to differentiate between energy- and demand-related costs for customer classes that have both demand and energy rates. Thus, natural gas, gas procurement sales, and transportation costs would be energy-related and firm gas delivery costs such as reservation fees would be demand-related. In addition, I&M will credit Big Sandy OSS margins to customers through I&M's existing OSS/PJM Rider.

Mr. Locigno explained how the Purchase Price component of the Best Estimate will be accounted for when I&M takes ownership of Big Sandy. He said once the transaction closes, the Purchase Price will be accounted for according to generally accepted accounting principles and the FERC Uniform System of Accounts, which requires the Purchase Price to be broken down into various components, based on the assets and liabilities (if any) that are transferred in the sale. This includes electric utility plant assets, including any associated depreciation. At the time of filing, he stated liabilities were not anticipated in connection with the acquisition, other than those that may arise through customary net working capital settlement mechanisms. He provided Attachment EJL-4 to Petitioner's Exhibit 1 showing the estimated accounting entries for the Purchase Price component that will occur at closing for the Big Sandy acquisition. In addition, at the time of close, any other incurred project costs (e.g. Owners Cost and Contingency) associated with the Best Estimate that are recorded to construction work in progress will also be placed in service.

Mr. Locigno testified that I&M is requesting approval of initial depreciation rates for Big Sandy that are calculated based on a 25-year expected remaining life and the net salvage estimates discussed by Mr. Dehan. In addition, I&M requests authority to amortize the FERC electric plant acquisition adjustment over a period of 25 years, consistent with the estimated remaining life used to depreciate the portion of the Best Estimate recorded to the FERC 101 utility plant accounts. He presented I&M's proposed initial depreciation rate of 3.20% for Big Sandy, noting depreciation rates, including estimates for net salvage, will be updated in later depreciation studies following the in-service date of Big Sandy.

C. <u>Cost-of-Service Impact</u>. Mr. Locigno testified regarding the estimated cost-of-service impact associated with the Big Sandy acquisition. He stated Big Sandy's cost of service includes the acquisition costs that are presented in Part IV of the GRS Compliance Filing Template, which include the Best Estimate, ongoing capital-related costs, and O&M expenses. He testified that while Big Sandy's acquisition is expected in third quarter of 2026 and Petitioner will incur costs beginning with the acquisition, for the cost of service and cost-of-service impact analyses purposes, Big Sandy will be included beginning on January 1, 2027 (Year 1) and continue in the same manner for Year 2 and all subsequent years. He said this approach provides for a full year cost of service calculation in each year of the analyses, aligning with common regulatory practice and simplifies the cost-of-service impact analyses.

Regarding the capital structure and jurisdictional cost allocation approach used to develop the cost-of-service impact analysis, Mr. Locigno said I&M evaluated Big Sandy within the broader set of Indiana resource additions that together represent the near-term capacity additions needed to serve Indiana's significant projected load growth. He explained that analyzing Big Sandy within this portfolio framework allows Petitioner to evaluate the net impact of the new resource additions, including Big Sandy, against the incremental revenue associated with the load growth driving the need for the resource additions.

Mr. Locigno provided the estimated Indiana retail cost-of-service impacts in Petitioner's Exhibit 1, Attachment EJL-5, which reflects the combined effects of the Indiana resource additions and the significant large load additions on Indiana retail rates. He said based on this analysis, I&M expects the incremental revenue resulting from the load growth, based on current rates, to recover the cost of service from the proposed Big Sandy facility. I&M also estimates that, based on I&M's current rates and assuming all else remains equal, the cost of service for average residential, commercial, and industrial customers would decline in 2027. He stated, per the ratemaking approved in Cause No. 46301, I&M will be using deferral accounting procedures to net the revenue growth associated with large load customers and the incremental costs associated with new generation resources approved under the EGR Plan.

Petitioner's Exhibit 1, Attachment EJL-5 provides an illustrative bill impact that estimates residential customers would see a bill reduction under the assumptions used by I&M and assuming no changes to I&M's other rates or to loads in other customer classes. The attachment also provides a breakdown of the anticipated reduction for the commercial and industrial classes.

I&M's approved EGR Plan requires the Commission to determine whether the rate impact associated with the Big Sandy acquisition is just and reasonable.[3] While we find I&M's evidence satisfied this component of its EGR Plan, we note that in subsequent GRS submittals, I&M should also show the application of the revenue requirement to forecasted billing determinants, reflecting the incremental revenue requirement change caused by the proposed resource acquisition. We find this refinement to I&M's evidentiary presentation to be reasonable and consistent with the approved EGR Plan.

D. <u>Conclusion</u>. Ind. Code § 8-1-7.9-21(b) provides the Commission shall make its decision based solely on whether the submittal meets the criteria and requirements set forth in the energy utility's approved EGR plan. As discussed above, in reaching our decision, the Commission has considered the required statutory showings by I&M, including whether the acquisition of Big Sandy supports the Five Pillars and reasonably protects existing and future customers.

The evidence demonstrates that I&M's submittal meets the criteria and requirements set forth in the approved EGR Plan. Thus, the Commission finds the acquisition of Big Sandy constitutes a necessary and prudent investment and the key contract terms are reasonable. We further find reasonable and approve I&M's estimated acquisition costs and the Best Estimate presented by I&M, along with the estimated rate impact associated with the addition of Big Sandy to I&M's portfolio of resources. The Commission also approves I&M's requested accounting and ratemaking treatment associated with the Big Sandy acquisition, including the requested depreciation rate for Big Sandy, and grant to I&M the necessary accounting authority to implement its requested relief.

Based on the record evidence and discussion above, the Commission finds and concludes that the proposed Big Sandy acquisition and associated relief sought by I&M comply with the governing statutory framework and are approved.

---

[3] 46301 Settlement, Section I.E.1(a).

8. Confidentiality Findings. The Commission's Order in Cause No. 46301 found certain information submitted in that proceeding constituted trade secret information and was exempt from public disclosure by the Commission.[4] The Commission noted the types of information being protected included IRP pricing criterion and other related confidential IRP information; resource acquisition costs and pricing; resource acquisition contracts; key contract terms; economic analyses, information and/or cost comparisons of resource options; competitive bidding, independent monitor reports, and pricing related results and analysis; expected resource operational characteristics; fuel supply pricing and commercial terms; and details of large load customer contracts and commitments and other competitively sensitive customer-specific information. The Commission further found that to the extent this type of confidential information is contained within subsequent GRS filings related to I&M's EGR Plan, such information will be exempt from public disclosure as proposed by I&M.

In addition, I&M filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information on April 30, 2026, which was supported by affidavit showing that certain information to be submitted to the Commission was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential consistent with Ind. Code § 8-1-7.9-26 and in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. In a Docket Entry dated May 6, 2026, the Presiding Officers found the information should be held confidential on a preliminary basis. After review of the information and consideration of the affidavit, we find the information is trade secret information as defined in Ind. Code § 24-2-3-2, is exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, and shall be held as confidential and protected from public access and disclosure by the Commission.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. I&M's GRS filing for approval of the Big Sandy acquisition and associated relief is approved.

2. I&M's proposed accounting and ratemaking for the Big Sandy acquisition are approved, and I&M is granted accounting authority to implement its proposed accounting and ratemaking.

3. I&M's proposed depreciation rate for Big Sandy is approved.

4. The material submitted to the Commission under seal contains trade secret information as defined in Ind. Code § 24-2-3-2 and, therefore, shall continue to be exempt from the public access requirements contained in Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29.

5. This Order shall be effective on and after the date of its approval.

[4] *Indiana Mich. Power Co.*, Cause No. 46301 at 31 (IURC Jan. 28, 2026).

<u>SWINGER, BAIN, DEIG, JERRELLS, AND ZIEGNER CONCUR</u>:

APPROVED: SEP 02 2026

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

Dana Kosco Digitally signed by Dana Kosco
Date: 2026.09.02 10:14:10 -04'00'

Dana Kosco
Secretary of the Commission